

Senate Study Bill 1313

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
COMMERCE/INSURANCE
DIVISION BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act reorganizing Code chapter provisions relating to the
2 authority to engage in the business of insurance other than
3 life insurance by transferring provisions, eliminating
4 outdated provisions, and amending corresponding provisions, as
5 necessary.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 1272DP 82
8 av/cf/24

PAG LIN

1 1 DIVISION I
1 2 TRANSFERS
1 3 Section 1. Section 515.6, Code 2007, is transferred to
1 4 section 515.100.
1 5 Sec. 2. Section 515.25, Code 2007, is transferred to
1 6 section 515.10.
1 7 Sec. 3. Section 515.65, Code 2007, is transferred to
1 8 section 515.146.
1 9 Sec. 4. Section 515.73, Code 2007, is transferred to
1 10 section 515.76.
1 11 Sec. 5. Section 515.74, Code 2007, is transferred to
1 12 section 515.77.
1 13 Sec. 6. Section 515.75, Code 2007, is transferred to
1 14 section 515.73.
1 15 Sec. 7. Section 515.76, Code 2007, is transferred to
1 16 section 515.74.
1 17 Sec. 8. Section 515.77, Code 2007, is transferred to
1 18 section 515.75.
1 19 Sec. 9. Section 515.80, Code 2007, is transferred to
1 20 section 515.125.
1 21 Sec. 10. Section 515.81, Code 2007, is transferred to
1 22 section 515.126.
1 23 Sec. 11. Section 515.81A, Code 2007, is transferred to
1 24 section 515.127.
1 25 Sec. 12. Section 515.81B, Code 2007, is transferred to
1 26 section 515.128.
1 27 Sec. 13. Section 515.81C, Code 2007, is transferred to
1 28 section 515.129.
1 29 Sec. 14. Section 515.82, Code 2007, is transferred to
1 30 section 515.130.
1 31 Sec. 15. Section 515.83, Code 2007, is transferred to
1 32 section 515.131.
1 33 Sec. 16. Section 515.84, Code 2007, is transferred to
1 34 section 515.132.
1 35 Sec. 17. Section 515.88, Code 2007, is transferred to
2 1 section 515.142.
2 2 Sec. 18. Section 515.89, Code 2007, is transferred to
2 3 section 515.143.
2 4 Sec. 19. Section 515.90, Code 2007, is transferred to
2 5 section 515.144.
2 6 Sec. 20. Section 515.94, Code 2007, is transferred to
2 7 section 515.133.
2 8 Sec. 21. Section 515.95, Code 2007, is transferred to
2 9 section 515.134.
2 10 Sec. 22. Section 515.96, Code 2007, is transferred to
2 11 section 515.135.
2 12 Sec. 23. Section 515.97, Code 2007, is transferred to
2 13 section 515.136.
2 14 Sec. 24. Section 515.98, Code 2007, is transferred to
2 15 section 515.137.

2 16 Sec. 25. Section 515.99, Code 2007, is transferred to
2 17 section 515.78.
2 18 Sec. 26. Section 515.100, Code 2007, is transferred to
2 19 section 515.138.
2 20 Sec. 27. Section 515.108, Code 2007, is transferred to
2 21 section 515.110.
2 22 Sec. 28. Section 515.109A, Code 2007, is transferred to
2 23 section 515.103.
2 24 Sec. 29. Section 515.111, Code 2007, is transferred to
2 25 section 515.104.
2 26 Sec. 30. Section 515.119, Code 2007, is transferred to
2 27 section 515.149.
2 28 Sec. 31. Section 515.120, Code 2007, is transferred to
2 29 section 515.150.
2 30 Sec. 32. Section 515.121, Code 2007, is transferred to
2 31 section 515.151.
2 32 Sec. 33. Section 515.125, Code 2007, is transferred to
2 33 section 515.105.
2 34 Sec. 34. Section 515.125A, Code 2007, is transferred to
2 35 section 515.106.
3 1 Sec. 35. Section 515.127, Code 2007, is transferred to
3 2 section 515.107.
3 3 Sec. 36. Section 515.128, Code 2007, is transferred to
3 4 section 515.147.
3 5 Sec. 37. Section 515.129, Code 2007, is transferred to
3 6 section 515.148.
3 7 Sec. 38. Section 515.131, Code 2007, is transferred to
3 8 section 515.140.
3 9 Sec. 39. Section 515.133, Code 2007, is transferred to
3 10 section 515.141.
3 11 Sec. 40. Section 515.134, Code 2007, is transferred to
3 12 section 515.145.
3 13 Sec. 41. Section 515.135, Code 2007, is transferred to
3 14 section 515.152.
3 15 Sec. 42. Section 515.136, Code 2007, is transferred to
3 16 section 515.153.
3 17 Sec. 43. Section 515.137, Code 2007, is transferred to
3 18 section 515.108.
3 19 Sec. 44. Section 515.138, Code 2007, is transferred to
3 20 section 515.109.
3 21 Sec. 45. Section 515.139, Code 2007, is transferred to
3 22 section 515.111.
3 23 Sec. 46. Section 515.140, Code 2007, is transferred to
3 24 section 515.112.
3 25 Sec. 47. Section 515.141, Code 2007, is transferred to
3 26 section 515.113.
3 27 Sec. 48. Section 515.147, Code 2007, is transferred to
3 28 section 515.120.
3 29 Sec. 49. Section 515.147A, Code 2007, is transferred to
3 30 section 515.121.
3 31 Sec. 50. Section 515.150, Code 2007, is transferred to
3 32 section 515.139.

3 33 DIVISION II
3 34 AMENDMENTS

3 35 Sec. 51. Section 331.756, subsection 70, Code 2007, is
4 1 amended to read as follows:

4 2 70. Institute legal proceedings against violations of
4 3 insurance laws as provided in ~~sections~~ section 511.7 ~~and~~
4 4 ~~515.93.~~

4 5 Sec. 52. Section 507A.4, subsection 1, Code 2007, is
4 6 amended to read as follows:

4 7 1. The lawful transaction of surplus lines insurance as
4 8 permitted by sections ~~515.147 to 515.149~~ 515.120 through
4 9 515.122.

4 10 Sec. 53. Section 507B.4, subsection 2, Code 2007, is
4 11 amended to read as follows:

4 12 2. FALSE INFORMATION AND ADVERTISING ~~GENERALLY.~~

4 13 a. GENERALLY. Making, publishing, disseminating,
4 14 circulating, or placing before the public, or causing,
4 15 directly or indirectly, to be made, published, disseminated,
4 16 circulated, or placed before the public in a newspaper,
4 17 magazine, or other publication, or in the form of a notice,
4 18 circular, pamphlet, letter, or poster, or over any radio or
4 19 television station, or in any other way, an advertisement,
4 20 announcement, or statement containing any assertion,
4 21 representation, or statement with respect to the business of
4 22 insurance or with respect to any person in the conduct of the
4 23 person's insurance business, which is untrue, deceptive, or
4 24 misleading.

4 25 b. FALSE STATEMENT OF ASSETS. In the case of a company
4 26 transacting the business of fire insurance within the state.

4 27 stating or representing by advertisement in any newspaper,
4 28 magazine, or periodical, or by any sign, circular, card,
4 29 policy of insurance, or renewal certificate thereof or
4 30 otherwise, that any funds or assets are in its possession and
4 31 held available for the protection of holders of its policies
4 32 unless so held, except the policy of insurance or certificate
4 33 of renewal thereof may state, as a single item, the amount of
4 34 capital set forth in the charter, or articles of
4 35 incorporation, or association, or deed of settlement under
5 1 which it is authorized to transact business.
5 2 c. STATEMENT OF CAPITAL AND SURPLUS. In the case of a
5 3 foreign company transacting the business of casualty insurance
5 4 in the state, or an officer, producer, or representative of
5 5 such a company, issuing or publishing an advertisement, public
5 6 announcement, sign, circular, or card that purports to
5 7 disclose the company's financial standing and fails to exhibit
5 8 the capital actually paid in cash, and the amount of net
5 9 surplus of assets over all the company's liabilities actually
5 10 held and available for the payment of losses by fire and for
5 11 the protection of holders of fire policies, or that fails to
5 12 exhibit the amount of net surplus of assets over all
5 13 liabilities in the United States actually available for the
5 14 payment of losses by fire and held in the United States for
5 15 the protection of holders of fire policies in the United
5 16 States, including in such liabilities the fund reserved for
5 17 reinsurance of outstanding risks. The amounts stated for
5 18 capital and net surplus shall correspond with the latest
5 19 verified statement made by the company or association to the
5 20 commissioner of insurance. Such a company shall not write,
5 21 place, or cause to be written or placed, a policy or contract
5 22 for insurance on property situated or located in this state
5 23 except through a licensed producer authorized to do business
5 24 in this state.

5 25 Sec. 54. Section 507B.4, subsection 8, Code 2007, is
5 26 amended by adding the following new paragraph:

5 27 NEW PARAGRAPH. c. Paying, allowing, or giving, or
5 28 offering to pay, allow, or give, directly or indirectly, as an
5 29 inducement to purchase or acquire insurance or after insurance
5 30 has been effected, any rebate, discount, abatement, credit, or
5 31 reduction of the premium named in a policy of insurance, or
5 32 any special favor or advantage in the dividends or other
5 33 benefits to accrue on the policy, or any valuable
5 34 consideration or inducement, not specified in the policy,
5 35 except to the extent provided for in an applicable filing. An
6 1 insured named in a policy, or an employee of the insured,
6 2 shall not knowingly receive or accept, directly or indirectly,
6 3 any rebate, discount, abatement, credit, or reduction of
6 4 premium, or any such special favor or advantage or valuable
6 5 consideration or inducement.

6 6 This paragraph "c" shall not be construed to prohibit the
6 7 payment of commissions or other compensation to duly licensed
6 8 producers, or to prohibit any insurer from allowing or
6 9 returning to its participating policyholders, members, or
6 10 subscribers, dividends, savings, or unabsorbed premium
6 11 deposits. As used in this paragraph "c", "insurance" includes
6 12 suretyship and "policy" includes bond.

6 13 Sec. 55. Section 509B.5, subsection 1, Code 2007, is
6 14 amended to read as follows:

6 15 1. Employers or group policyholders shall notify all
6 16 employees or members of their continuation rights within ten
6 17 days of termination of employment or membership. The notice
6 18 shall be in writing and delivered in person or mailed to the
6 19 person's last known address. However, continuation rights
6 20 shall not be denied because of failure to provide proper
6 21 notice. After receiving proper notice the employee or member
6 22 may request and shall receive continuation coverage in
6 23 accordance with this chapter within ten days of the request,
6 24 notwithstanding any other time limitation provided by this
6 25 chapter. Notification as provided in this section supersedes
6 26 section ~~515-80~~ 515.125 as that section relates to accident and
6 27 health insurance.

6 28 Sec. 56. Section 510.21, unnumbered paragraph 2, Code
6 29 2007, is amended to read as follows:

6 30 An application for registration shall be accompanied by a
6 31 filing fee of one hundred dollars. After notice and hearing,
6 32 the commissioner may impose any or all of the sanctions set
6 33 out in section 507B.7, upon finding that either the
6 34 third-party administrator violated any of the requirements of
6 35 section ~~515-134~~ 515.145 and sections 510.1A through 510.20 and
7 1 this section, or the third-party administrator is not
7 2 competent, trustworthy, financially responsible, or of good

7 3 personal and business reputation.

7 4 Sec. 57. Section 511.4, Code 2007, is amended to read as
7 5 follows:

7 6 511.4 ADVERTISEMENTS == WHO DEEMED AGENT.

7 7 The provisions of section ~~515.125~~ 515.105 shall apply to
7 8 life insurance companies and associations.

7 9 Sec. 58. Section 515.80, subsection 1, Code 2007, is
7 10 amended to read as follows:

7 11 1. A policy or contract of insurance, unless otherwise
7 12 provided in section ~~515.81A or 515.81B~~ 515.127 or 515.128,
7 13 provided for in this chapter shall not be forfeited,
7 14 suspended, or canceled except by notice to the insured as
7 15 provided in this chapter. A notice of cancellation is not
7 16 effective unless mailed or delivered by the insurer to the
7 17 named insured at least thirty days before the effective date
7 18 of cancellation, or, where cancellation is for nonpayment of a
7 19 premium, assessment, or installment provided for in the
7 20 policy, or in a note or contract for the payment thereof, at
7 21 least ten days prior to the date of cancellation. The notice
7 22 may be made in person, or by sending by mail a letter
7 23 addressed to the insured at the insured's address as given in
7 24 or upon the policy, anything in the policy, application, or a
7 25 separate agreement to the contrary notwithstanding.

7 26 Sec. 59. Section 515.81, Code 2007, is amended to read as
7 27 follows:

7 28 515.81 CANCELLATION OF POLICY == NOTICE TO INSURED OR
7 29 MORTGAGEE.

7 30 Unless otherwise provided in section ~~515.81A or 515.81B~~
7 31 515.127 or 515.128, at any time after the maturity of a
7 32 premium, assessment, or installment provided for in the
7 33 policy, or a note or contract for the payment thereof, or
7 34 after the suspension, forfeiture, or cancellation of a policy
7 35 or contract of insurance, the insured may pay to the company
8 1 the customary short rates and costs of action, if one has been
8 2 commenced or judgment rendered thereon, and may, if the
8 3 insured so elects, have the policy and all contracts or
8 4 obligations connected with the policy, whether in judgment or
8 5 otherwise, canceled, and all such policy and contracts shall
8 6 be void; and in case of suspension, forfeiture, or
8 7 cancellation of a policy or contract of insurance, the insured
8 8 is not liable for a greater amount than the short rates earned
8 9 at the date of the suspension, forfeiture, or cancellation and
8 10 the costs of action provided for in this section. If the
8 11 policy is canceled by the insurance company, the insurer may
8 12 retain only the pro rata premium, and if the initial cash
8 13 premium, or any part of the premium, has not been paid, the
8 14 policy may be canceled by the insurance company by giving
8 15 notice to the insured as provided in section ~~515.80~~ 515.125
8 16 and ten days' notice to the mortgagee, or other person to whom
8 17 the policy is made payable, if any, without tendering any part
8 18 of the premium, anything to the contrary in the policy
8 19 notwithstanding.

8 20 Sec. 60. Section 515.81C, subsections 3 and 7, Code 2007,
8 21 are amended to read as follows:

8 22 3. An umbrella or excess insurance policy which has been
8 23 renewed or which has been in effect for sixty or more days
8 24 shall not be canceled by the insurer, except as provided in
8 25 section ~~515.81A~~ 515.127, subsections 2 and 3, except by notice
8 26 to the insured as required by this section or unless at least
8 27 one of the following conditions occurs:

8 28 a. A material change in the limits, scope of coverage, or
8 29 exclusions in one or more of the underlying policies.

8 30 b. Cancellation or nonrenewal of one or more of the
8 31 underlying policies where the policies are not replaced
8 32 without lapse.

8 33 c. A reduction in the financial rating or grade of one or
8 34 more of the insurers insuring one or more of the underlying
8 35 policies based on an evaluation by a recognized financial
9 1 rating organization.

9 2 7. ~~Section 515.81A and 515.81B~~ Sections 515.127 and
9 3 515.128 are not applicable to umbrella or excess insurance
9 4 policies except as provided in subsection 3.

9 5 Sec. 61. Section 515.82, Code 2007, is amended to read as
9 6 follows:

9 7 515.82 SHORT RATES.

9 8 The commissioner of insurance shall prepare and promulgate
9 9 tables of the short rates provided for in sections ~~515.80 and~~
9 10 ~~515.81~~ 514.125 and 515.126, for the various kinds and classes
9 11 of insurance governed by the provisions of this chapter,
9 12 which, when promulgated, shall be for the guidance of all
9 13 companies covered in this chapter and shall be the rate to be

9 14 given in any notice therein required. No company shall
9 15 discriminate unfairly between like assureds in the rate or
9 16 rates so provided.

9 17 Sec. 62. Section 515.95, Code 2007, is amended to read as
9 18 follows:

9 19 515.95 FAILURE TO ATTACH == EFFECT.

9 20 The omission so to do shall not render the policy invalid,
9 21 but if any company or association neglects to comply with the
9 22 requirements of section ~~515.94~~ 515.133 it shall forever be
9 23 precluded from pleading, alleging, or proving any such
9 24 application or representations, or any part thereof, or
9 25 falsity thereof, or any parts thereof, in any action upon such
9 26 policy, and the plaintiff in any such action shall not be
9 27 required, in order to recover against such company or
9 28 association, either to plead or prove such application or
9 29 representation, but may do so at the plaintiff's option.

9 30 Sec. 63. Section 515.98, Code 2007, is amended to read as
9 31 follows:

9 32 515.98 PRIMA FACIE RIGHT OF RECOVERY.

9 33 In an action on such policy it shall only be necessary for
9 34 the ~~assured~~ insured to prove the loss of the building insured,
9 35 and that the ~~assured~~ insured has given the company or
10 1 association notice in writing of such loss, accompanied by an
10 2 affidavit stating the facts as to how the loss occurred, so
10 3 far as they are within the ~~assured's~~ insured's knowledge, and
10 4 the extent of the loss.

10 5 Sec. 64. Section 515.101, Code 2007, is amended to read as
10 6 follows:

10 7 515.101 ~~INVALIDATING STIPULATIONS == AVOIDANCE CONDITIONS~~
10 8 ~~AND STIPULATIONS INVALIDATING POLICY == AVOIDANCE == PLEADINGS~~
10 9 ~~== APPLICABILITY.~~

10 10 1. Any condition or stipulation in an application, policy,
10 11 or contract of insurance, making the policy void before the
10 12 loss occurs, shall not prevent recovery ~~thereon on the policy~~
10 13 by the insured, if ~~it shall be shown by the plaintiff shows~~
10 14 that the failure to observe such provision or the violation
10 15 thereof did not contribute to the loss.

10 16 2. Any such condition or stipulation in an application,
10 17 policy, or contract of insurance that refers to any of the
10 18 following shall not be changed or affected by the provisions
10 19 of subsection 1:

10 20 a. Any other insurance, valid or invalid.

10 21 b. Vacancy of the insured premises.

10 22 c. The title or ownership of the property insured.

10 23 d. Liens or encumbrances on the property insured created
10 24 by the voluntary act of the insured and within the insured's
10 25 control.

10 26 e. Suspension or forfeiture of the policy during default
10 27 or failure to pay any written obligation given to the
10 28 insurance company for the premium.

10 29 f. The assignment or transfer of such policy of insurance
10 30 before the loss occurs without the consent of the insurance
10 31 company.

10 32 g. The removal of the property insured.

10 33 h. A change in the occupancy or use of the property
10 34 insured, if such change or use makes the risk more hazardous.

10 35 i. The fraud of the insured in the procurement of the
11 1 contract of insurance.

11 2 3. Subsections 1 and 2 shall not be construed to change
11 3 limitations or restrictions related to pleading or proving any
11 4 defense by any insurance company to which the company is
11 5 subject by law.

11 6 4. The provisions of subsections 1, 2, and 3 apply to all
11 7 contracts of insurance on real and personal property.

11 8 Sec. 65. NEW SECTION. 515.101A FORMS OF POLICIES AND
11 9 ENDORSEMENTS == APPROVAL.

11 10 1. The form of all policies, applications, agreements, or
11 11 endorsements modifying the provisions of policies, and of all
11 12 permits and riders used generally throughout the state, that
11 13 are issued or proposed to be issued by any insurance company
11 14 doing business in this state under the provisions of this
11 15 chapter, shall first be examined and approved by the
11 16 commissioner of insurance.

11 17 2. The commissioner, upon a determination that the
11 18 examination required under subsection 1 is unnecessary, may
11 19 exempt either of the following:

11 20 a. Any specified person by order, or any class of persons
11 21 by rule.

11 22 b. Any specified risk by order, or any line or kind of
11 23 insurance, or subdivision of insurance, or any class of risk
11 24 or combination of classes of risks by rule.

11 25 3. Forms of policies issued or proposed to be issued shall
11 26 provide for the cancellation of the policy at the request of
11 27 the insured upon equitable terms, for the return to the
11 28 insured of any premium paid in excess of the customary short
11 29 rates for the insurance up to the time of cancellation, and
11 30 for the release of the insured from any liability beyond such
11 31 short rates or for losses after the cancellation of the policy
11 32 if the insurance is issued or proposed to be issued by a
11 33 mutual company.

11 34 Sec. 66. Section 515.108, Code 2007, is amended to read as
11 35 follows:

12 1 515.108 MORE FAVORABLE CONDITIONS.

12 2 Nothing contained in section ~~515.138~~ 515.109 shall be so
12 3 construed as to prohibit any insurance company not required by
12 4 the statutes of Iowa to issue a standard form of policy, from
12 5 embodying, with the approval of the commissioner of insurance,
12 6 in any insurance contract issued by it, provisions or
12 7 conditions which are more favorable to the insured than those
12 8 authorized in said statutes.

12 9 Sec. 67. NEW SECTION. 515.114 POLICY == FORMAL
12 10 EXECUTION.

12 11 1. Every fire insurance company and association authorized
12 12 to transact business in this state shall conduct its business
12 13 in the name under which it is incorporated, and the policies
12 14 issued by it shall be headed or entitled only by such name.
12 15 There shall not appear on the face of the policy or on its
12 16 filing back, anything that would indicate that it is the
12 17 obligation of any other than the company responsible for the
12 18 payment of losses under the policy, though it is permissible
12 19 to stamp or print on the bottom of the filing back, the name
12 20 or names of the department or general agency issuing the same,
12 21 and the group of companies with which the company is
12 22 financially affiliated.

12 23 2. Nothing contained in subsection 1 shall be construed to
12 24 prevent any representative of an insurance company from
12 25 advertising the representative's own individual business
12 26 without specific mention of the name of the company or
12 27 companies which the person may represent.

12 28 Sec. 68. NEW SECTION. 515.122 BANNED COMPANIES ==
12 29 INFORMATION REQUIRED.

12 30 1. An insurance producer shall not knowingly place
12 31 insurance, either directly or through an intermediary broker,
12 32 in insurers who are insolvent or unsound financially; and
12 33 shall not place or renew insurance with nonadmitted insurers
12 34 found by the commissioner of insurance to have failed or
12 35 refused to furnish, in the manner provided in subsection 2,
13 1 information reasonably showing the ability or willingness of
13 2 the insurers to satisfy obligations undertaken with respect to
13 3 insurance issued by them.

13 4 2. The information required of nonadmitted insurers under
13 5 subsection 1 may consist of a copy of such insurer's current
13 6 annual statement, duly verified, or evidence of any trust
13 7 funds or deposits maintained by such insurers for the
13 8 protection of their policyholders, or both, or other material
13 9 of such general description and relevancy, as the commissioner
13 10 may require. Such information shall be furnished at the sole
13 11 cost and expense of the unauthorized insurers either to the
13 12 commissioner directly, or furnished to the national
13 13 association of insurance commissioners for the use of its
13 14 members and their staffs, including the commissioner of
13 15 insurance of this state and the commissioner's staff, or for
13 16 dissemination to the commissioner by the central nonadmitted
13 17 insurers information bureau of the national association of
13 18 insurance commissioners or by any other agency or
13 19 instrumentality of that association designed to receive and
13 20 disseminate such information. The provisions of this section
13 21 and section 515.120 shall not apply to insurance of vessels,
13 22 craft or hulls, cargoes, marine builder's risk, marine
13 23 protection and indemnity, or other risk including strikes and
13 24 war risks commonly insured under ocean or wet marine forms of
13 25 policy.

13 26 Sec. 69. Section 515.133, Code 2007, is amended to read as
13 27 follows:

13 28 515.133 EXAMINATION OF OFFICERS AND EMPLOYEES.

13 29 1. The commissioner of insurance is authorized to issue a
13 30 subpoena for examination under oath, any officer, agent, or
13 31 employee of any company suspected of violating any of the
13 32 provisions of section ~~515.131~~ 515.140.

13 33 2. Upon the filing of a written, verified complaint with
13 34 the commissioner by two or more residents of this state
13 35 alleging that a company has violated section ~~515.131~~ 515.140,

14 1 the commissioner shall issue a subpoena for examination under
14 2 oath to any officer, agent, or employee of the company.

14 3 Sec. 70. Section 515.134, Code 2007, is amended to read as
14 4 follows:

14 5 515.134 REVOCATION OF AUTHORITY.

14 6 If upon examination, and that of any other witness produced
14 7 and examined, the commissioner determines that a company has
14 8 violated section ~~515.134~~ 515.140, or if any officer, agent, or
14 9 employee fails to appear or submit to examination after
14 10 receiving a subpoena, the commissioner shall promptly issue an
14 11 order revoking the authority of the company to transact
14 12 business within this state, and the company shall not be
14 13 permitted to do the business of insurance in this state for
14 14 one year.

14 15 Sec. 71. Section 515.135, Code 2007, is amended to read as
14 16 follows:

14 17 515.135 JUDICIAL REVIEW.

14 18 Judicial review of the actions of the commissioner of
14 19 insurance may be sought in accordance with the terms of the
14 20 Iowa administrative procedure Act, chapter 17A, upon filing
14 21 with the clerk of court a good and sufficient bond for the
14 22 payment of all costs adjudged against the petitioner.
14 23 Notwithstanding the terms of ~~said Act chapter 17A~~, petitions
14 24 for judicial review may be filed in the district court of the
14 25 county where the decision of the commissioner, pursuant to
14 26 section ~~515.134~~ 515.145, was made.

14 27 Sec. 72. Section 515.136, Code 2007, is amended to read as
14 28 follows:

14 29 515.136 INCRIMINATION.

14 30 The statements and declarations made or testimony given by
14 31 any such officer, agent, or employee in the investigation
14 32 before the commissioner of insurance, or upon the hearing on
14 33 the petition for judicial review, as provided in sections
14 34 ~~515.133 to 515.135~~ 515.141, 515.145, and 515.152, shall not be
14 35 used against the person making the same in any criminal
15 1 prosecution against the person.

15 2 Sec. 73. Section 515.138, subsection 5, Code 2007, is
15 3 amended to read as follows:

15 4 5. Appropriate forms of other contracts or endorsements,
15 5 insuring against one or more of the perils incident to the
15 6 ownership, use or occupancy of said property, other than fire
15 7 and lightning, which the insurer is empowered to assume, may
15 8 be used in connection with the standard policy. Such forms of
15 9 other contracts or endorsements attached or printed thereon
15 10 may contain provisions and stipulations inconsistent with the
15 11 standard policy if applicable only to such other perils. The
15 12 pages of the standard policy may be renumbered and rearranged
15 13 to provide space for the listing of rates and premiums for
15 14 coverages insured thereunder or under endorsements attached or
15 15 printed thereon, and such other data as may be included for
15 16 duplication on daily reports for office records. An insurer
15 17 may issue a policy, either on an unspecified basis as to
15 18 coverage or for an indivisible premium, which contains
15 19 coverage against the peril of fire and substantial coverage
15 20 against other perils, if such policy includes provisions with
15 21 respect to the peril of fire which are the substantial
15 22 equivalent of the minimum provisions of such standard policy,
15 23 provided further the policy is complete as to all its terms of
15 24 coverage without reference to any other document and is
15 25 approved in accordance with section ~~515.109~~ 515.102.

15 26 Sec. 74. Section 515.139, Code 2007, is amended to read as
15 27 follows:

15 28 515.139 NUCLEAR LOSS OR DAMAGE EXCLUDED.

15 29 Insurers issuing the standard policy pursuant to section
15 30 ~~515.138~~ 515.109 are authorized to affix thereto or include
15 31 therein a written statement that the policy does not cover
15 32 loss or damage caused by nuclear reaction or nuclear radiation
15 33 or radioactive contamination, all whether directly or
15 34 indirectly resulting from an insured peril under said policy;
15 35 provided, however, that nothing herein contained shall be
16 1 construed to prohibit the attachment to any such policy of an
16 2 endorsement or endorsements specifically assuming coverage for
16 3 loss or damage caused by nuclear reaction or nuclear radiation
16 4 or radioactive contamination.

16 5 Sec. 75. Section 515.140, Code 2007, is amended to read as
16 6 follows:

16 7 515.140 VIOLATIONS == STATUS OF POLICY.

16 8 It shall be unlawful for any insurance company, its
16 9 officers or agents, or either of them, to violate any of the
16 10 provisions of section ~~515.138~~ 515.109, by issuing, delivering,
16 11 or offering to issue or deliver any policy of fire insurance

16 12 on property in this state other than the standard form as
16 13 provided in statute, but any policy so issued or delivered
16 14 shall, nevertheless, be binding upon the company issuing or
16 15 delivering the policy. The company shall, until the payment
16 16 of a penalty assessed by order after hearing, be disqualified
16 17 from doing any insurance business in this state.

16 18 Sec. 76. Section 515.141, Code 2007, is amended to read as
16 19 follows:

16 20 515.141 EXISTING STATUTES == WAIVER.

16 21 Nothing contained in sections ~~515.138 and 515.140~~ 515.109
16 22 and 515.112, nor any provisions or conditions in the standard
16 23 form of policy provided for in section ~~515.138~~ 515.109, shall
16 24 be deemed to repeal or in any way modify any existing statutes
16 25 or to prevent any insurance company issuing such policy, from
16 26 waiving any of the provisions or conditions contained therein,
16 27 if the waiver of such provisions or conditions shall be in the
16 28 interest of the insured.

16 29 Sec. 77. Section 515.147A, Code 2007, is amended to read
16 30 as follows:

16 31 515.147A ADMINISTRATIVE PENALTY.

16 32 1. An excess and surplus lines insurance agent that fails
16 33 to timely file the report required in section ~~515.147~~ 515.120
16 34 is in violation of this section and shall pay an
16 35 administrative penalty of five hundred dollars to the
17 1 treasurer of state for deposit in the general fund of the
17 2 state as provided in section 505.7.

17 3 2. The commissioner shall refuse to renew the license of
17 4 an agent that fails to comply with the provisions of section
17 5 ~~515.147~~ 515.120 and this section and the agent's right to
17 6 transact new business in this state shall immediately cease
17 7 until the agent has so complied.

17 8 3. The commissioner may give notice to an agent that the
17 9 agent has not timely filed the report required under section
17 10 ~~515.147~~ 515.120 and is in violation of this section. If the
17 11 agent fails to file the required report within ten days of the
17 12 date of the notice, the agent shall pay an additional
17 13 administrative penalty of one hundred dollars for each day
17 14 that the failure continues to the treasurer of state for
17 15 deposit in the general fund of the state as provided in
17 16 section 505.7.

17 17 Sec. 78. Section 515A.19, Code 2007, is amended to read as
17 18 follows:

17 19 515A.19 LAWS AFFECTED.

17 20 Compliance with this chapter shall not be deemed to be a
17 21 violation of section ~~515.131~~ 515.140.

17 22 Sec. 79. Section 515D.5, subsection 1, unnumbered
17 23 paragraph 1, Code 2007, is amended to read as follows:

17 24 Notwithstanding the provisions of sections ~~515.80 through~~
17 25 ~~515.81A~~ 515.125 through 515.127, a notice of cancellation of a
17 26 policy shall not be effective unless mailed or delivered by
17 27 the insurer to the named insured at least thirty days prior to
17 28 the effective date of cancellation, or, where the cancellation
17 29 is for nonpayment of premium notwithstanding the provisions of
17 30 sections ~~515.80 and 515.81A~~ 515.125 and 515.127 at least ten
17 31 days prior to the date of cancellation. A post office
17 32 department certificate of mailing to the named insured at the
17 33 address shown in the policy shall be proof of receipt of such
17 34 mailing. Unless the reason accompanies the notice of
17 35 cancellation, the notice shall state that, upon written
18 1 request of the named insured, mailed or delivered to the
18 2 insurer not less than fifteen days prior to the date of
18 3 cancellation, the insurer will state the reason for
18 4 cancellation, together with notification of the right to a
18 5 hearing before the commissioner within fifteen days as
18 6 provided in this chapter.

18 7 Sec. 80. Section 515D.7, subsection 1, Code 2007, is
18 8 amended to read as follows:

18 9 1. Notwithstanding the provisions of sections ~~515.80~~
18 10 ~~through 515.81B~~ 515.125 through 515.128, an insurer shall not
18 11 fail to renew a policy except by notice to the insured as
18 12 provided in this chapter. A notice of intention not to renew
18 13 shall not be effective unless mailed or delivered by the
18 14 insurer to the named insured at least thirty days prior to the
18 15 expiration date of the policy. A post office department
18 16 certificate of mailing to the named insured at the address
18 17 shown in the policy shall be proof of receipt of such mailing.
18 18 Unless the reason accompanies the notice of intent not to
18 19 renew, the notice shall state that, upon written request of
18 20 the named insured, mailed or delivered to the insurer not less
18 21 than thirty days prior to the expiration date of the policy,
18 22 the insurer will state the reason for nonrenewal.

18 23 Sec. 81. Section 515E.9, Code 2007, is amended to read as
18 24 follows:
18 25 515E.9 PURCHASING GROUP RESTRICTIONS.
18 26 A purchasing group shall not purchase insurance from an
18 27 insurer not admitted in this state unless the purchase is
18 28 effected through a duly licensed agent or broker acting
18 29 pursuant to sections ~~515.147 through 515.149~~ 515.120 through
18 30 515.122.

18 31 Sec. 82. Section 522B.6, subsection 2, paragraph g, Code
18 32 2007, is amended to read as follows:
18 33 g. Excess and surplus lines insurance provided by certain
18 34 nonadmitted insurers pursuant to section ~~515.147~~ 515.120.

18 35 Sec. 83. Section 522B.12, subsection 4, Code 2007, is
19 1 amended to read as follows:
19 2 4. An insurer or insurance producer may pay or assign a
19 3 commission, service fee, brokerage, or other valuable
19 4 consideration to an insurance agency or to a person who does
19 5 not sell, solicit, or negotiate insurance in this state,
19 6 unless the payment would violate chapter 507B ~~or section~~
19 7 ~~515.130~~.

19 8 DIVISION III

19 9 REPEALS

19 10 Sec. 84. Sections 515.50, 515.67, 515.79, 515.91, 515.92,
19 11 515.93, 515.102, 515.105, 515.106, 515.109, 515.110, 515.130,
19 12 515.142, 515.146, 515.148, and 515.149, Code 2007, are
19 13 repealed.

19 14 DIVISION IV

19 15 CODE EDITOR DIRECTIVE

19 16 Sec. 85. CODE EDITOR DIRECTIVE.

19 17 1. The Code editor is directed to correct internal
19 18 references in the Code or in Acts pending codification as
19 19 necessary due to the enactment of this Act.

19 20 2. The Code editor may add the following subheadings
19 21 within chapter 515:

19 22 a. A subheading between Code sections 515.99 and 515.100
19 23 that states: "POLICY PROVISIONS AND RATES".

19 24 b. A subheading between Code sections 515.119 and 515.120
19 25 that states: "SURPLUS LINES INSURANCE".

19 26 c. A subheading between Code sections 515.124 and 515.125
19 27 that states: "DUTIES OF INSURERS".

19 28 d. A subheading between Code sections 515.139 and 515.140
19 29 that states: "VIOLATIONS, INVESTIGATIONS, FEES, AND
19 30 PENALTIES".

19 31 EXPLANATION

19 32 This bill reorganizes Code chapter 515, which relates to
19 33 the regulation of insurance other than life insurance, by
19 34 transferring and recodifying Code sections within Code chapter
19 35 515, repealing and recodifying sections in existing and new
20 1 sections within Code chapter 515 and other chapters, and
20 2 repealing some Code chapter 515 sections. The bill also
20 3 contains corresponding amendments as necessary to correct
20 4 internal references.

20 5 Code sections 515.91 and 515.92 are repealed and recodified
20 6 in Code chapter 507B concerning unfair insurance practices.
20 7 Code section 515.93 provided penalties for violations of those
20 8 Code sections in the amount of \$500 for a first offense and
20 9 \$1,000 for each subsequent offense and is also repealed.
20 10 Penalties for a violation of Code chapter 507B include \$1,000
20 11 for each act but not exceeding an aggregate of \$10,000, unless
20 12 the person knew or reasonably should have known the person was
20 13 committing a violation in which case the penalty for each act
20 14 is \$5,000 but not exceeding an aggregate of \$50,000 in a
20 15 six-month period.

20 16 The bill directs the Code editor to correct any internal
20 17 references in the Code or Acts pending codification as
20 18 necessary due to enactment of the bill and suggests new
20 19 subheadings that may be added in Code chapter 515 to delineate
20 20 topics covered in the Code chapter.

20 21 Pursuant to the bill, sections of Code chapter 515 will be
20 22 recodified as follows:

| | |
|-----------------|----------------------|
| 20 23 Code 2007 | Code Supplement 2007 |
| 20 24 515.6 | 515.100 |
| 20 25 515.25 | 515.10 |
| 20 26 515.50 | Repeal |
| 20 27 515.65 | 515.146 |
| 20 28 515.67 | Repeal |
| 20 29 515.73 | 515.76 |
| 20 30 515.74 | 515.77 |
| 20 31 515.75 | 515.73 |
| 20 32 515.76 | 515.74 |
| 20 33 515.77 | 515.75 |

| | | | |
|----|----|---------------|---------------------|
| 20 | 34 | 515.79 | Repeal |
| 20 | 35 | 515.80 | 515.125 |
| 21 | 1 | 515.81 | 515.126 |
| 21 | 2 | 515.81A | 515.127 |
| 21 | 3 | 515.81B | 515.128 |
| 21 | 4 | 515.81C | 515.129 |
| 21 | 5 | 515.82 | 515.130 |
| 21 | 6 | 515.83 | 515.131 |
| 21 | 7 | 515.84 | 515.132 |
| 21 | 8 | 515.88 | 515.142 |
| 21 | 9 | 515.89 | 515.143 |
| 21 | 10 | 515.90 | 515.144 |
| 21 | 11 | 515.91 | Repeal (recodify |
| 21 | 12 | | at 507B.4(2)(b)) |
| 21 | 13 | 515.92 | Repeal (recodify |
| 21 | 14 | | at 507B.4(2)(c)) |
| 21 | 15 | 515.93 | Repeal |
| 21 | 16 | 515.94 | 515.133 |
| 21 | 17 | 515.95 | 515.134 |
| 21 | 18 | 515.96 | 515.135 |
| 21 | 19 | 515.97 | 515.136 |
| 21 | 20 | 515.98 | 515.137 |
| 21 | 21 | 515.99 | 515.78 |
| 21 | 22 | 515.100 | 515.138 |
| 21 | 23 | 515.102 | Repeal (recodify |
| 21 | 24 | | at 515.101(2)) |
| 21 | 25 | 515.105 | Repeal (recodify |
| 21 | 26 | | at 515.101(3)) |
| 21 | 27 | 515.106 | Repeal (recodify |
| 21 | 28 | | at 515.101(4)) |
| 21 | 29 | 515.108 | 515.110 |
| 21 | 30 | 515.109 | Repeal (recodify |
| 21 | 31 | | at 515.101A(1),(2)) |
| 21 | 32 | 515.109A | 515.103 |
| 21 | 33 | 515.110 | Repeal (recodify |
| 21 | 34 | | at 515.101A(3)) |
| 21 | 35 | 515.111 | 515.104 |
| 22 | 1 | 515.119 | 515.149 |
| 22 | 2 | 515.120 | 515.150 |
| 22 | 3 | 515.121 | 515.151 |
| 22 | 4 | 515.125 | 515.105 |
| 22 | 5 | 515.125A | 515.106 |
| 22 | 6 | 515.127 | 515.107 |
| 22 | 7 | 515.128 | 515.147 |
| 22 | 8 | 515.129 | 515.148 |
| 22 | 9 | 515.130 | Repeal (recodify |
| 22 | 10 | | at 507B.4(8)(c)) |
| 22 | 11 | 515.131 | 515.140 |
| 22 | 12 | 515.133 | 515.141 |
| 22 | 13 | 515.134 | 515.145 |
| 22 | 14 | 515.135 | 515.152 |
| 22 | 15 | 515.136 | 515.153 |
| 22 | 16 | 515.137 | 515.108 |
| 22 | 17 | 515.138 | 515.109 |
| 22 | 18 | 515.139 | 515.111 |
| 22 | 19 | 515.140 | 515.112 |
| 22 | 20 | 515.141 | 515.113 |
| 22 | 21 | 515.142 | Repeal (recodify |
| 22 | 22 | | at 515.114(1)) |
| 22 | 23 | 515.146 | Repeal (recodify |
| 22 | 24 | | at 515.114(2)) |
| 22 | 25 | 515.147 | 515.120 |
| 22 | 26 | 515.147A | 515.121 |
| 22 | 27 | 515.148 | Repeal (recodify |
| 22 | 28 | | at 515.122(1)) |
| 22 | 29 | 515.149 | Repeal (recodify |
| 22 | 30 | | at 515.122(2)) |
| 22 | 31 | 515.150 | 515.139 |
| 22 | 32 | LSB 1272DP 82 | |
| 22 | 33 | av:nh/cf/24.1 | |